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New Trade Act

U.S. agriculture, geared up to produce mountainous quantities of farm products for the world's consumers, would be sorely hurt if anything should diminish our access to foreign markets. The new trade legislation—The Trade Expansion Act of 1962—promises to be a useful implement for helping to hold and increase foreign agricultural markets.

Much of our agricultural trade is conducted under formalized trade agreements. These are renegotiated, or amended, from time to time. In the negotiations which were concluded in Geneva last March, the United States was seriously handicapped by its lack of bargaining power. The new trade act is designed to correct this situation.

Bargaining ability is especially needed at this time in dealing with the Common Market. U.S. agricultural exports to the present Six amount to about $1.2 billion annually, compared with their agricultural exports to us of only $220 million annually. Their nonagricultural exports to us, however, total around $2 billion a year.

Here the new trade act should be helpful. We can come to terms with the Common Market through a "package" approach—in which U.S. concessions in the nonagricultural field can be used to obtain concessions from the EEC in the agricultural field. In other words, we can balance our need for access to EEC agricultural markets against their need for access to our markets for their industrial products.

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Our Historic Trade With Europe

At $10 billion a year, trade between America and Europe is the world's biggest, as it has been—despite obstacles—during most of its long past.

Trade between America and Europe began with the first clapboards and beaver skins shipped by the settlers back to the European homeland some 350 years ago in return for food, tools, and other equipment. Almost from the beginning—despite wars, depressions, and trade barriers—this trade has been the largest in the world.

Keystone of this trade has always been America's commerce with England, a supremacy unchallenged until industrialization in Germany and Japan sharply increased their trade with this country.

For over 200 years, U.S. exports were almost entirely agricultural, U.S. imports largely manufactured products. Our exports have usually centered about a few big staples. At first tobacco led, then cereals, then cotton.

In the beginning, tobacco went out from Virginia and Maryland; flour, wheat, corn, beef, and pork from New York, Pennsylvania, and New England; rice and indigo from South Carolina. At first, Europe was not interested in American foodstuffs, so most of these were shipped to the West Indies, where sugar had crowded out other agriculture; the islands sent sugar to Europe; and Europe shipped manufactures to America.

A few home industries grew up, but for all the finer manufactures, America depended upon Europe. The amount imported was less than $5 per American, but it covered most of the comforts and luxuries, and many of the necessities Americans had by 1798.

Early Barriers to U.S.-European Trade

Even after the Revolutionary War, the United States sought to maintain trade ties with England. The young country found it rough going on its own. U.S. breadstuffs were subject to heavy duties in England; fish and salt provisions were banned in England and heavily dutied in France; tobacco and rice were either prohibited or under stiff duties in most important European markets. Spain, Portugal, and England either closed or forbade direct trade with their West Indian possessions. Crop failures and the outbreak of wars in Europe coupled with the growing U.S. export of cotton reversed the ebb of trade, and in 1806 and 1807, U.S. exports hit a peak not reached again for 20 years.

When the War of 1812 cut the United States off from trade with Europe, home manufacture began to develop. The demand for tariff protection of the infant industries arose, and by 1830 exports began to exceed imports.

Foreign trade declined in importance, as the eyes of America turned from Europe to the continent unfolding behind them to the west. The population center shifted from near Washington, D.C. in 1810 to Ohio in 1860.

New machinery and growing means of transportation began to open up new avenues of commerce. Eli Whitney's invention of the cotton gin touched off the growth in cotton exports. By 1860, they had reached $190 million, considerably more than half the value of total U.S. exports. U.S. output of grain almost quadrupled between 1860 and 1890 and, stimulated by lower freight rates, nearly a third was exported. The refrigerated car opened up new markets for livestock products.

For the last quarter of the 19th century, the United States was the chief source of food products for western Europe, as well as of raw materials for some of its biggest industries. Out of this tremendous increase in the volume of trade came the capital which created and expanded U.S. industry. By 1905, though cotton was still the leading U.S. export, manufactured products made up a larger percentage of total exports than did foodstuffs.

Principal imports were still textiles, iron, steel, and other manufactures. Sugar, coffee, tea, cigars and tobacco, and molasses made up one-fifth of U.S. imports.

Throughout the 18th century, Europe contributed far more than half of this country's commerce. Europe's share of imports to America reached a peak of 70 percent in 1850, and in 1880, 86 percent of U. S. exports were going to Europe. Even in 1913, when U.S. trade had begun to spread, trade with Europe was greater than with all the rest of the world.

Aftereffects of World War I and the cataclysmic world depression reduced world trade from $69 billion in 1929 to $26 billion in 1936. Helping to lower trade, too, were the extreme protectionist measures passed by this country and Europe in the early 1920's. When these were modified in 1934, U.S. exports to Europe rose 14 percent in the next 2 years, and imports from Europe rose 22 percent.

Europe Still Top U.S. Customer

World War II and lend-lease programs again raised U.S. farm exports to Europe, but not to the peak reached during the first world war, because they had now to be sent to many other parts of the world. Rice and oilseeds such as soybeans were becoming important in our trade.

With the passage of Public Law 480, more U.S. farm exports began to go to underdeveloped countries, diminishing the share going to Europe. Even so, today, Europe's $2.3-billion imports of U.S. farm products still lead in dollar purchases by continents. Corollary is the 41-percent rise in Europe's farm exports to this country between 1952 and 1960.

During the past three and a half centuries, trade between America and Europe has had its ups and downs, but, almost uninterruptedly, this commerce has been the most important element in the economic life of each. The latest challenge to this old and tested trade relationship is the Common Market, but this hurdle will be surmounted, as have all the others before it, because of the basic mutuality of interest between the United States and Europe.

The Common Market's Internal Farm Trade

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One of the most important aspects of the Common Market is the influence of its agricultural policy on the always sizable intra-Community trade in farm products. Already a number of changes in agricultural trade and production have occurred—and it is possible to foresee others, as the individual countries begin to adjust themselves to the comparatively new relationship and strive to take advantage of the new opportunities it offers.

Farm trade between the countries of this Dutch dairyman and West German farmer will increase through membership in the EEC.

Courtesy German Extension Service

France

France is the Common Market's greatest producer of farm products; its exports to other member countries are 2½ times bigger than imports from them. At the same time, the value of French agricultural imports from all sources is around 1½ times greater than its total exports.

This EEC trade is growing. French imports of agricultural products from other members have increased from 5 percent of the total imported in 1958 to 8 percent in 1961, while exports to other members have increased from 24 percent of total exports to more than 36 percent.

Since the formation of the Common Market early in 1958, French imports of food from other members have increased $42 million annually, while total food imports have decreased almost $38 million. The EEC share had thus increased 6 percent by 1961. Livestock products, fruits, and vegetables are the principal imports, mostly from Benelux and Italy.

Principal French export items to the EEC are livestock products and cereals and cereal preparations, more than 50 percent of which go to West Germany. West Germany is also the largest EEC market for most other French products, although Italy, at times, has taken considerable grain.

France expects to benefit from Common Market agricultural trade regulations and has just passed a law aimed at modernization of production and marketing to make the country more competitive within the EEC.

Grain production is expected to increase in response to Common Market grain prices which will probably be higher than France's traditional low prices. Some of this increase will be sold to deficit-grain EEC countries. And, with French output of livestock products (including poultry) climbing, more feed grains as well as some denatured wheat will be needed for domestic consumption.

French livestock-product exports to the Community, particularly of poultry, eggs, and beef, are expected to go up, as are those of dairy products. Milk production forecasts indicate sizable surpluses above domestic needs.

Prospects are that France will probably increase its exports to the Common Market at the expense of nonmember countries. If the United Kingdom joins the Common Market, French agricultural exports will benefit substantially.

The Netherlands

In 1961, Netherlands agricultural exports were 25 percent of total exports, while farm imports were only 14 percent of the total. In recent years, the Netherlands has gotten about 25 percent of its total agricultural imports from other Common Market countries. Largest purchases have been cereals and cereal products, though other EEC countries supply only about 10 percent—half coming from Germany and about half from Belgium.

Oilseeds and oilnuts and kernels are the Netherlands' next biggest import, of which only a very small portion comes from EEC countries. Next are fruits and vegetables, of which about one-fourth has been imported from

other Common Market countries in recent years, mostly from Belgium and Italy. About 20 percent of the feedstuffs imported during the last few years was obtained from other EEC countries. About one-half of this came from West Germany.

The Dutch export a much higher percentage of their total farm products to other EEC countries than they receive from them—and expect to increase these exports in the future.

Eggs are the most important export. Most of these, in recent years, have been shipped to West Germany. Cheese exports are also sizable, with most of these going to the Germans and smaller quantities to Belgium and Luxembourg. In the past, considerable Dutch butter has been exported to Italy, Germany, and France; now they import little butter.

About 65 percent of all the Netherlands' fruits and vegetables exported during the last 2 years have been shipped to other EEC countries. Fruits, mainly pears and apples, have gone primarily to Germany, vegetables mainly to Germany and Belgium. Meat (including poultry meat) and live animals for slaughter (including poultry) are also important Dutch exports. About half of total meat exports in recent years have been sent to Germany, about one-fourth to France, and about one-sixth to Italy. Italy has purchased somewhat more than half of the live animals for slaughter exported by the Netherlands.

Belgium

Belgium's agricultural imports are about the same proportion of total imports as those of the Netherlands—namely, 14 percent. Agricultural exports, however, constitute less than 1 percent of the total.

During recent years, Belgium has obtained about 35 percent of its total agricultural imports from other Common Market countries, a percentage which will probably increase as the EEC's farm policy is implemented.

Apart from wool, largely purchased from non-EEC sources, the largest import category is cereals, which includes food and feed grains. Somewhat less than 16 percent of these imports were obtained from other Common Market countries, though considerable barley comes from France. Feed imports, excluding unprocessed grains, averaged about $42 million a year during 1959-61. About 30 percent came from other EEC countries. Belgium has imported about $25 million annually of dairy products, mostly cheese, from other EEC countries during the last few years, with the Netherlands the most important supplier.

Processed and unprocessed wool accounts for the largest dollar value among Belgium's agricultural exports. Second in value are fruit and vegetables, about two-thirds of which were shipped to other member countries. Belgium has on occasion exported eggs, some dairy products (mainly butter), and poultry meat. It is not expected that Belgium will be able to increase its exports of these livestock products to member countries as the Common Agricultural Policy develops. If domestic production exceeds domestic needs, Belgium may need to export under subsidy conditions to nonmember countries.

Italy

Prior to 1958, approximately 22 percent of Italy's agricultural imports came from other Common Market countries, which in turn took approximately one-quarter of Italy's exports. Imports of cereals and cereal preparations from member countries have in-

French grain and Italian fruits stand to gain most under EEC. Right, corn is cribbed to dry in France; and below, Italian farmers harvest olives and ready berries for market.

creased from about 5 percent of total imports of these products to slightly more than 12 percent in 1961. Feedstuff imports from member countries increased over the same period from about 14 to 27 percent. There has been, however, some decline in imports of livestock products in recent years owing to the expansion of domestic livestock production under Italy's Green Plan.

On the export side, Italy has increased the share of farm products going to other member countries from about 41 percent in 1959 to 46 percent in 1961. Fresh fruits, vegetables, and nuts accounted for about 60 percent of the total value of Italy's agricultural exports in 1960. Among Common Market customers, West Germany took by far the largest portion of the fresh fruits and nuts. Italy has exported rice for some time, and although the export value now is small compared to that of total agricultural exports, Italian farm interests hope the value will increase as the Common Market agricultural policy goes into effect.

Italy also looks forward to further substantial increases in exports of both fresh and processed fruits and vegetables. Land area devoted to their production and investment in processing facilities are increasing and show signs of continuing.

Further substantial increases in livestock production anticipated under the Green Plan will probably mean a big rise in imported feed grains, since acreage is limited. These may include some denatured wheat. French exporters will enjoy a preferred position in the Italian grain market.

West Germany

Among the EEC countries, the largest importer of agricultural products is West Germany, which takes large quantities of wheat, feed grains, oilseeds, oils and fats, fruits and vegetables, dairy products, and meats, including poultry. Small agricultural exports consist mainly of flour, specialty meat products, hops, and wine.

Annual West German wheat imports averaged about 2.5 million metric tons in 1955-59, with the bulk of it coming from the Western Hemisphere. In 1960-61 the French share in this trade increased to a little more than 20 percent. West German imports of feed grains during 1955-57 also averaged around 2.5 million metric tons. Substantial quantities of feed barley were imported from France in 1960-61 compared with very small quantities a few years earlier.

West Germany has had bilateral trade agreements covering wheat and feed grains with a number of countries including France. Under the provisions of the Common Agricultural Policy these agreements must be terminated. France as a grain exporter will enjoy a preferred position in the West German market and expects to increase grain exports to West Germany at the expense of non-EEC suppliers.

West Germany will continue to take large quantities of oilseeds and vegetable oil from non-EEC sources, since supplies are not available from EEC.

Poultry meat and beef are also imported in substantial quantities. Here, the Netherlands, which already enjoys about one-third or better of the West German poultry market, will stand to benefit as the effect of poultry import levies on non-EEC suppliers comes into play. If the United Kingdom joins the EEC and Denmark follows, Danish poultry, beef, and cheese exports will also benefit substantially, although the Dutch will provide strong competition for the latter.

West Germany will need to continue imports of hard wheat, long grain rice, citrus and deciduous fruits, and, of course, cotton, tobacco, and oilseeds. Current and future EEC member countries will enjoy a substantial trade advantage in wheat, feed grains, eggs, poultry meat, beef, pork, dairy products, and rice, all of which are subject to the Common Agricultural Policy.

Greece

On November 1 of this year, Greece became an associate member of the Common Market under an agreement highly promising for Greek tobacco and fruits, the country's most valuable farm exports. EEC countries now take approximately one-third of Greece's farm exports. This includes 42 percent of its tobacco, 32 percent of its fruit, and 22 percent of its cotton.

In recent years Greek oriental-type tobacco has not held as favored a position in EEC markets as immediately after the war. Now, however, Greek tobacco will have the advantage of entering EEC markets freely, whereas nonmember suppliers will face a substantial tariff.

Greek fruit will not have so clear-cut an advantage as tobacco in EEC markets because of the greater importance of quality standards in this trade and the smaller influence of high tariffs. Nevertheless, the fact that Greece will be trading as an associate, whereas nonmember suppliers will be subject to reference (minimum) prices and possible quantitative restrictions, constitutes an important advantage to Greek fruit. Greek sources are aware of the need to improve harvesting, packing, and grading practices in order to benefit fully from the EEC market for fruit.

Cotton quality and output have also come in for considerable attention. By 1970, Greece hopes to have doubled present acreage and increased the cotton available for EEC markets.

Greece is not expected to become a major agricultural import market for other EEC countries, but may increase its takings of grains and some livestock products from them.

A Summing-Up

Intra-Community trade in agricultural products was already increasing before the adoption of EEC's Common Agricultural Policy at the beginning of this year. Further growth in farm product trade among the EEC members can be expected as new marketing regulations begin to liberalize trade between members and restrict trade with nonmembers.

France will probably gain the most in expansion of sales of grain and livestock products to other EEC members; Belgium will gain the least. Italy will enlarge exports of fruits, vegetables and nuts; the Netherlands will gain mostly in sales of dairy, poultry, eggs, and other livestock products. West Germany, the largest food and feed importer in the Community, will take more than hitherto from EEC partners. Greece will gain substantially in exports of tobacco and fruit to the Market, but will probably not import appreciably more.

Left, good pastures for cattle are found all over the United Kingdom. This one, with cathedral in background, is in Berkshire. Below, the author in a Suffolk wheat field.

How British Agriculture Would Fare in the EEC

By ROBERT N. ANDERSON
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In British agricultural circles today, the most widely discussed topic is the Common Market. The possibility of the United Kingdom joining the European Economic Community (EEC) poses a challenge to agriculture, the like of which it has not had to face for many years.

Whether Britain eventually will join is still to be determined but it is quite clear that the country's farm leaders are not at all satisfied with the terms offered British agriculture in the negotiations with the Six, nor with the Market's Common Agricultural Policy.

Britain's present agricultural policy was designed to encourage production in a country that produces less than half of its own food supply. Low food prices to the consumers are made possible by sales of the products from the British farms on the local markets, in competition with relatively free imports from Commonwealth and other supplying countries.

British farmers receive support through "deficiency payments" on the principal products and through other government grants. Deficiency payments make up the difference between the average price received on the local markets for the product and a "guaranteed price," which is determined in advance by the government after consultation with farm organizations in an annual price review. In some years, in particular last year, the program has been severely criticized, not only for the large outlay that the government must make in payments to agriculture but also because of the unpredictable size of the payments. But, by and large, the policy has been quite satisfactory to agriculture and to the consumers generally.

British farmers realize that if their country joins the EEC, the present policy of support with government-guaranteed prices will be changed, and it is understandable that they are reluctant to lose this price-assurance program. Under the Common Agricultural Policy of the Community, farmers will have to rely on higher prices in the markets. This will be made possible mainly by levies and restrictions on imports from outside the Community, to "guarantee a fair standard of living for farmers."

In some cases, target prices will be set, and, when surpluses arise, government purchases will be authorized to maintain the price level. However, shipments will be permitted to move freely within the Community, and, since the United Kingdom is a large deficit area for most of the farm products, competition in the British markets for some products may be much greater than at present.

The Pros and Cons

Many studies have been made during the past year on the character and efficiency of British agriculture and its ability to compete with the EEC countries. Although the findings differ, most of these studies appear to indicate that British agriculture generally would not suffer unduly from competion with the European Community as a whole. Some sectors of British agriculture might even find advantages not now enjoyed.

The principal concern appears to be for the small inefficient farms. The larger farms are expected to have a relatively strong competitive position in a greatly enlarged and, for certain products, a more protected market. Some sectors of production, of course, would fare worse, and many farmers would be compelled to find other occupations or switch from long-established practices to new and different types of farming.

One advantage that Britain is likely to have over most of the other EEC countries is the advanced state of its agricultural revolution. In proportion

to the total population, fewer people in the United Kingdom earn their livelihood from farming. Only about 5 percent of the active population is in agriculture compared with about 13 percent in the Benelux countries, 15 percent in West Germany, 26 percent in France, and 30 percent in Italy.

Also, farm holdings in the United Kingdom generally are larger and more compact. About 36 percent of the holdings are more than 50 acres, whereas in the Common Market countries the percentage varies from a high of 26 percent in France to around 4, 5, and 8 percent in Belgium, Italy, and West Germany respectively. In general, too, British farmers are highly mechanized and use fewer draft animals than farmers do in the EEC as a whole.

Comparing the number of livestock on the farms—cattle, sheep, hogs, and poultry—British agriculture is in good condition, although some European countries are even better stocked. Generally, yields per acre and per livestock unit are not as high in the United Kingdom as in West Germany, the Benelux countries, and Denmark, but higher than in Italy and France.

One of the disadvantages from which the British farmer would suffer in competition with the Six is Britain's high cost of production, due in part to the considerably higher wages paid to agricultural workers.

Another is that for certain products Britain has a lower production potential than some of the Market countries. Both France and Italy have better climatic conditions. The Netherlands and Denmark are more efficient in their production, marketing, and distribution systems. As time goes on, horticultural products from Italy and the Netherlands and eggs, pork, and dairy products from the Netherlands and Denmark (if the latter joins) would be likely to present formidable competition for British farmers producing these commodities.

Grains to Gain

The United Kingdom's agriculture is mainly a grain, livestock, and grassland economy—in fact, one of the leading British economists has suggested that British farming should be devoted to this exclusively, on a regional basis. Eighty percent of the arable land in the United Kingdom is devoted to grains for feed and grassland fodder for livestock. Permanent and temporary pastures, including rough grazing, cover about three-fourths of all agricultural land.

The most important cultivated crop in the United Kingdom is grain. At present, the country produces about one-quarter of its wheat requirements for flour and 60 percent of the grain needed for the large and expanding livestock industry.

Britain's grain plantings have remained fairly steady during the past few years. It is believed that they have been influenced considerably by the level of the government-guaranteed prices, making it possible for the government to regulate production to some extent and arrive at the present balance, which it considers beneficial. But, as has been pointed out, if the Common Market follows a policy of high prices for grains—and recent indications are that it will—this will encourage larger production in the United Kingdom as well as in France and the other Market countries.

Many observers feel that British farmers will get higher prices for their grain within the Community. But since grain production by most of them is only one of several operations and is frequently tied with the production of livestock, the danger which the farmers foresee is that they will be compelled to sacrifice their cheap sources of imported feeds from without the Community, namely from the Commonwealth and the United States. This naturally would upset the present trend in the United Kingdom of increasing livestock production through the use of these cheaper feeds. Also, increased grain prices would raise the cost of living for the British.

Livestock Competitive

As a member of the EEC, the United Kingdom would find itself in a favorable position because of its well-stocked farms, with good breeds of beef, dairy cattle, and sheep. Recent studies have indicated that its production costs for beef, mutton, and lamb, as a result of good pasture conditions and good breeds of livestock, are lower than those of the Six. British farmers would have an advantage in beef production and an even greater advantage in the production of mutton and lamb.

(The United Kingdom supplies only about 40 percent of its own requirements for beef and half of the mutton and lamb requirements. The bulk of the remainder comes from New Zealand, Australia, and Argentina.)

Beef and veal prices are expected to be equalized in the EEC single market through a common policy established progressively by April 1, 1966. They will almost certainly be higher than the present British prices. Imports from nonmember countries will be subject to a variable levy if their prices are below the EEC price.

British pork would not have the same advantage in the Common Market as beef and mutton, particularly with Denmark as a member. It is generally accepted that the Netherlands, Denmark, and possibly West Germany have an edge on Britain in the production of pigs. Again, many of the small and less efficient producers in the United Kingdom depend largely for their income on the sale of pigs, and since their production is considered rather inefficient, they would feel the squeeze. Consequently, the United Kingdom has asked for firmer price guarantees for pig meat in the Brussels negotiations.

Producers of raw wool in the United Kingdom are now getting a guaranteed price, which they presumably would lose in the Common Market, since their wool would compete with free-entry imports from all sources.

Dairy Products

British economists, and farm leaders generally, agree that British milk producers will have difficulty competing with supplies from Common Market countries. Liquid milk prices at present are generally higher than on the Continent, and farmers are receiving more for the milk produced.

Britain is self-sufficient for liquid milk consumption, and the percentage of the total production consumed as liquid milk is far above that of the Common Market countries—about 70 percent in the United Kingdom, more than double that of the Six. There is probably no reason why the larger British farmers could not compete

Left, early lambs grazing on the Gloucester downs, and a prize Black Angus bull posing for his picture in Berwick, Scotland. Above, rural England at its loveliest—old mill near Cirencester, Gloucester.

with milk producers in Europe. However, the many very small producers who rely on a regular milk check as the principal source of income would be required either to consolidate their holdings and modernize operations or go out of production.

The relatively free British butter market is in effect the world market. Under the Common Agricultural Policy of the EEC, prices of butter in the United Kingdom would be increased, and this, in turn, would result in lower consumption.

There is also a very difficult problem with regard to New Zealand imports. The United Kingdom feels a strong obligation to protect its long-established butter trade with New Zealand and Australia. Both countries, but particularly New Zealand, depend heavily on the U.K. market as an outlet for this product which is so important in their economy. On the other hand, it is apparent that the Common Market countries are looking forward to having the British market as an outlet for their excess supplies of butter and dairy products.

Poultry and Eggs

The National Farmers Union maintains that the production of poultry and poultry products in the United Kingdom would also suffer a setback if Britain joined the Common Market. This is especially true for egg production, since Britain and some of the Common Market countries have already reached self-sufficiency. Imports from the Netherlands and Denmark could flood the British market and reduce local prices until many producers, especially the small ones, would not be able to compete. Here too, the United Kingdom has sought price guarantees under the Common Agricultural Policy.

With regard to poultry meat, its production and consumption in the United Kingdom have gone up rapidly in the past 5 years. Annual consumption now is said to be about 14½ pounds per person, which is more than double the per capita consumption of 5 years ago. At the same time, prices have dropped to where they are somewhat lower than the average prices for red meat.

Many of the large producers feel that the Common Market will provide a further outlet for their broiler products and that they should have no fear of competition from European producers. The industry, however, has been developed on the basis of cheap imported grains and protein meals; and if tariffs and other levies are placed on imports of feed products from outside the Community so as to increase costs of production, consumer prices for poultry meat will have to be increased, and consumption may fall off. Therefore, it is very doubtful if this industry would benefit from the United Kingdom's membership in the Community.

Sugar Beets and Potatoes

In general, British producers of sugar beets and potatoes should not be adversely affected by the United Kingdom's joining the Common Market. However, National Farmers Union officials point out that local producers now get a standard price for their potatoes related to consumption requirements, and this would no longer be possible; also that the Dutch would be likely to ship cheaper potatoes to Britain in years of heavy production.

EEC Challenge

Undoubtedly British agriculture will be required to make many sacrifices as a member of the Common Market, but this can be said of all of the other countries of the Community. It is be-

(Continued on page 22)

Norwegian farm

The Scandinavian Countries

Denmark, Sweden, and Norway, though ethnically similar and linked by a long common history, have followed divergent paths in their agricultures.

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The three Scandinavian countries lie astride the entrance to the Baltic Sea on the northern rim of the European continent. There they are warmed by the Gulf Stream—a fact that has enabled them all, particularly Denmark and Sweden, to develop temperate-zone agricultures in spite of their northern latitudes.

Dairy farming is a specialty for all three countries. They depend upon their dairy industries for a large part of their agricultural output and upon Europe for a large part of their export market. Yet variations in soil, topography, and political development have given rise to some rather surprising differences in their farm practices and policies, as well as in their agricultural problems.

Denmark

Denmark occupies a unique position among the developed nations of the world, relying heavily on agriculture to maintain its high standard of living through its ability to earn foreign exchange.

Denmark's exports of agricultural products are relatively modest in volume; but quality, unit value, and productive efficiency enable the agriculture of this small country to contribute about 45 percent of the value of its total exports. This contribution includes the products of the food-processing industry; if those of the tobacco and beverage industries are included also, agriculture's share becomes even larger. Denmark is a strong competitor in markets for livestock products for it is one of the world's most prominent exporters of butter, cheese, eggs, and meats, including bacon and poultry.

Denmark's food production (excluding livestock products derived from imported feedstuffs) exceeds its domestic requirements by more than 20 percent. To produce exports in addition to this, it maintains a livestock industry on a scale far beyond that possible from domestic resources, by importing oilseeds, oilcake, and, normally, very large quantities of feed grains.

In 1961, imports of feedstuffs totaled over $147 million. They included 410,000 tons of oilseeds, nuts, and kernels worth $42 million; 805,000 tons of oilcake, oilmeal, and other fodders, valued at $60 million; and 825,000 tons of feed grains, valued at $45 million. The U.S. share of these imported feedstuffs averaged about 31 percent—54 percent for the first category, 12 percent for the second, and 36 percent for the third.

Historically, Denmark has maintained the policy that prices received by farmers must be determined by prices received in export markets or in competition with imports. However, exceptions have been made and continue to be made as the Danes and all of Europe adjust to the developing European Economic Community.

Sweden

Sweden is a much more industrialized country than Denmark, but its farmers could easily put the country on an export basis in temperate climate agricultural products. However, though agriculture is important to the Swedish economy, the Swedes do not consider that pushing the production of high-cost agricultural surpluses is vital for their survival. Rather, they consider it important to limit agricultural production as a means of stabilizing their economy.

Sweden has been able to limit domestic agricultural production to roughly 90 percent of domestic requirements. Thus, it needs modest imports of some complementary items, but does not have to subsidize more than minor quantities of its high-cost butter and egg surpluses on the world market. Sweden is a member of the International Wheat Agreement, however, and is usually a net exporter of wheat, largely feed wheat.

During the postwar period Sweden has developed and implemented a policy of relating the prices farmers receive for their output to those prices necessary to guarantee the operator of a viable "basic farm" an income comparable to that of certain specified segments of the industrial labor force.

Net agricultural production from domestic resources since 1955 has ranged between 90 and 95 percent of that achieved during the base period 1952-54 (just before the price policy went into effect). During 1961, Sweden's trade in agricultural products (not including fish, beverages, tobacco, and related products) was valued at $240 million in imports as against $110 million in exports.

Norway

Norway alone of the three countries is handicapped severely by an essentially mountainous topography. This makes the climate over much of the interior too severe for commercial agricultural production; it also makes the agricultural land area too fragmented, for the mountains march almost all the way down to the deeply indented coastline. The largest farm sizes and the greatest concentrations of farms occur along a handful of fiords, most notably Oslofiord. Subsistence farms are spread throughout the rest of the country wherever soil has developed in sufficient quantity.

The 3.5 percent of Norwegian land area that is suitable for agricultural purposes is primarily devoted to livestock farming. Most farms are very small, and farming is usually combined with forestry, fishing, or other enterprises. The 200,000 farms having over 1¼ acres average only 12½ acres, and the census of June 1959 reveals that there are only 5,300 farms with more than 50 acres of agricultural land.

Considering the natural obstacles, mechanization is well advanced, as is the use of fertilizers. Nearly 120 pounds of plant nutrients are applied annually per acre of agricultural land —more than in Denmark and nearly twice as much as in Sweden. Milk accounts for about 45 percent of total agricultural production; the output of other livestock products is also important and covers domestic requirements. But Norway produces practically no food grain of milling quality, and it must therefore import essentially its total requirement for food grain in addition to substantial quantities of feed grains.

Norwegian agricultural policy encourages self-sufficiency in livestock products and larger output of the items in deficit, particularly grains of all kinds. Income objectives for farmers are achieved by considerable intervention in the market in terms of fixed prices for cereals, milk, and dairy products and of subsidies and marketing regulations for other items. Desired price levels, determined through negotiations between the government and the farmers' organizations, are based on a specified desirable relationship between estimated total receipts and total costs. A government monopoly guarantees an outlet for all grain at fixed minimum prices and also handles all grain and feed trade.

The EFTA and the EEC

Denmark, Sweden, and Norway are members of the European Free Trade Association along with Austria, Portugal, Switzerland, and the United Kingdom. As such they have agreed to present a unified front in negotiations with the EEC. Their unique problems constitute a major obstacle toward achieving this goal as each country tries to adjust to the EEC.

Denmark's two largest markets for agricultural products are the United Kingdom and West Germany. While the United Kingdom remains outside the EEC, Denmark trades with it as a co-member of the EFTA and with West Germany through the use of a bilateral trade agreement. When, or if, the United Kingdom accedes to the EEC, Denmark is preparing to join simultaneously as a signatory of the EEC Treaty (The Rome Treaty of 1957, which set up the European Economic Community), thus insuring continued access to its most important markets.

Sweden's situation regarding the EEC is somewhat different. Because of its status as a neutral nation Sweden does not wish to join a common market organization which has, or may have, supranational implications that would tend to compromise Swedish neutrality. Therefore, Sweden is working toward some form of economic association rather than membership. Nothing concrete is likely to be done regarding this until after the membership question is resolved for the United Kingdom and Denmark.

The Norwegian Government has applied for full membership in the EEC, with negotiations beginning in October. Any resulting agreement will be subject to ratification by Norway's Parliament; the government intends also to submit it to the people in an advisory referendum. Norway is prepared to accept the Common External Tariff and to lower its tariffs with respect to other members of the EEC. It will also accept other aspects of the Treaty so long as they do not endanger its unique national identity.

Cheese-making in a modern Danish dairy plant (right); quality boosts exports. Below, Swedish farmer stops to pat his young heifers.

Surrounding many a Dutch village is a city of glasshouses. Area increases 500 acres a year.

Gardening Under Glass

—a prosperous industry in the Netherlands

By WINFIELD C. KING
Assistant U.S. Agricultural Attaché, The Hague

Some of the most intensive and highly specialized agriculture in the world is carried on in the neighborhood of three Dutch cities—The Hague, Rotterdam, and Leiden. This is what the Dutch call *glascultuur*, or market gardening in glasshouses, where the grower can closely control temperature, moisture, and the plant-food content and structure of the soil.

Glasshouse horticulture is not limited to the Netherlands, but in the Province of South Holland it has reached an astonishing stage of development. Nearly one-fifth of all the glasshouse area in the world is located in and near the Westland—an area lying west of the road from the Hague to Rotterdam. Here some 900 acres of fruit and 6,000 of vegetables are grown under glass, with an annual value of $85 million. Other areas also produce crops under glass; in fact, an additional 5,000 acres can be found in all parts of the Netherlands, including some in the new lands of the Northeastern Polder of the Zuiderzee. The total area in 1960 was nearly 12,500 acres.

The Westland area began producing fruit and vegetables many years ago for the estates of the Dutch nobility concentrated near The Hague, 's-Gravenzande, and nearby seaside resorts. With an assured market, some growers naturally enclosed their gardens with glass to protect their crops from frosts and other kinds of bad weather. Also contributing to glasshouse development were the proximity of populous Rotterdam and Amsterdam; the warming influence of the sea and the Gulf Stream; the type of soil; and nearness to ports. Until about 5 years ago, the principal markets for Dutch glasshouse crops were the United Kingdom, Sweden, and Ireland; today, West Germany leads.

The principal vegetable crops the Netherlands produces under glass are tomatoes, cucumbers, lettuce, and cauliflower. Yields are high—some 150 tons of cucumbers per acre and 45 of tomatoes, for example. Principal fruits are grapes, peaches, strawberries, plums, and melons. Catch crops of flowers and of lettuce and other vegetables are grown, to utilize the houses all year round.

Glasshouse gardening requires high skill, large amounts of capital and labor, and adaptability to new methods. Of great assistance to the industry is the work done by research stations like the one at Naaldwijk. The Naaldwijk station is financed partly by the growers and partly by government funds. It serves about 6,000 glasshouse producers and each year receives from 10,000 to 12,000 visitors, including horticulturists from all over the world.

Within recent years, the Naaldwijk station has successfully demonstrated the value of heating the soil as well as the air of glasshouses. Its research on heating methods has brought about a shift from coal to oil, with a 30 to 40-percent reduction in costs.

Other agencies are concerned with glasshouse horticulture also. The Agriculture Board issues licenses to qualified growers. The Product Board for Fruits and Vegetables regulates the auction markets, the trade and processing industries, and the actual packaging and marketing of the products. The Central Bureau of Horticultural Auctions controls the minimum price funds set up to withdraw surplus supplies from the market. Each grower contributes to the fund through a levy on his sales. Thus, the glasshouse gardener has some price support for quality products regardless of supply.

Stiff grading and uniform packing methods insure top quality for the products of Dutch glasshouses. Only the straight cucumbers in the picture at left may go to the United Kingdom: tomatoes must be of equal ripeness and size.

Research has spurred glasshouse yields. Right, rate growth of lettuce has been upped by carbon dioxide generated from burning heavy fuel oil in simple gas burners.

Above, forced lilacs, an important branch of glasshouse horticulture. At left, packing tomatoes. Rootstock now used for tomatoes is a cross between Hawaiian and Central American varieties; original seeds were sent by Cornell.

Photos from Netherlands Ministry of Agriculture

How the EEC Affects Our Farm Exports

Prospects are good for about 70 percent of our farm exports to the Common Market countries, but for the remaining 30 percent the picture is cloudy.

When the history of this century is finally written, the Common Market could well stand out as its most significant economic development. It may even be regarded as one of the outstanding economic ventures of all time.

To a considerable extent, the Common Market (or the European Economic Community) is good for American agriculture. On the basis of trade value, about $700 million worth of U.S. farm products annually, or approximately 70 percent of U.S. agricultural exports to the area, can be sold in the Common Market without difficulty. And as the economy of the Market grows, marketings of these products can be expected to increase.

This is true of the commodities which the Common Market countries do not produce or produce in limited quantities but which the United States has available for export—commodities such as cotton, soybeans, hides and skins. These are all duty free and bound duty free in the General Agreement on Tariffs and Trade.

For a number of other products, including some fruits and vegetables, the outlook is reasonably good. However, for the other 30 percent of U.S. agricultural shipments, valued at around $300 million a year, prospects are cloudy. In this category are grains, rice, poultry, and certain other commodities.

Farmers in the Common Market countries look to the Market as a solution to their agricultural problems. To many this means, "Let's keep the market for ourselves." Therefore, for grains, rice, and poultry, all of which are important U.S. exports, the Common Market is developing an internal agricultural market which will be protected against imports from outside by variable import levies. These levies will equalize the price of the imported products with the EEC's internal domestic prices.

Under this system, Common Market domestic producers of commodities subject to variable levies will be guaranteed a market for all they can produce at price levels fixed by the government. And obviously, the pressures for high internal prices, and therefore for decreased imports, will be great. Most prices already are high.

How is the United States meeting the challenges posed by the Common Market?

For the fixed-duty items, the pattern is clear. It is a pattern of traditional tariff bargaining—swapping reductions of U.S. duties for comparable reductions of EEC duties. The EEC has indicated a willingness to negotiate.

For the variable import levy items, however, the pattern is far from clear. The Common Market variable levy system is complex and is not adaptable to the usual tariff bargaining. It confronts U.S. agriculture with new problems.

The Department of Agriculture has given these special problems top priority. Department officials have had many discussions with Common Market officers, both in Belgium and the United States, on the vital matter of access for U.S. farm products. In negotiations carried on under the General Agreement on Tariffs and Trade—and in other diplomatic contacts, formal and informal—the United States has pressed the Common Market for liberal trade treatment for all American agricultural commodities, not just for certain items. Also, to follow developments of interest to U.S. farmers, the Foreign Agricultural Service has established a new attaché post in Brussels, the Common Market "capital."

The final outcome of this campaign for market access cannot be foreseen at this time. However, the Common Market has agreed to keep the door open for continuing negotiations on some of the major farms products affected by variable import levies. On the list are wheat, corn, sorghum grain, rice, and poultry.

The Foreign Agricultural Service has issued, and will continue to issue, reports alerting American agricultural and trade groups to our EEC export problems. Summaries of these as they relate to various commodities follow:

Feed Grains and Wheat

The United States is an important supplier of feed grains to the Common Market countries, providing over 40 percent of their annual imports, which averaged 7.8 million tons in the 5-year period ending 1960.

In the immediate future, U.S. feed-grain exports to these countries may be expected to increase or at least maintain their present level.

However, the long-range outlook for feed grains depends upon the target prices set annually by each of the EEC members for their internal wholesale markets. Since the variable import levies represent the difference between the target price and the world price for feed grains, lower targets would tend to encourage imports.

Current target prices, though moderate, have meant levies higher than those in effect previous to July 1962. This unfavorable development is offset somewhat by the increasing demand for feed grains, which local production is not expected to meet. U.S. feed-grain exports will at least hold at their present volume.

The outlook for wheat exports is less favorable. The United States ships about one-third of the EEC's imports of wheat totaling 3.7 million tons. The U.S. share of all EEC wheat imports has increased in recent years.

The EEC intends to restrict world imports of soft wheat in favor of French wheat, which has been in surplus. About one-tenth of U.S. wheat to the EEC is of this type. If the ultimate price support set by 1970 is high—around $3 per bushel—French grain will respond with increased output and third-country exports may suffer. France is the only EEC country which can narrow the area's grain demand.

The market for the balance of U.S. wheat, i.e., quality wheat, remains good, if we can supply the quality de-

manded by the consumers in the European Community.

Livestock Products

In 1961, the value of U.S. livestock products to the EEC totaled $86 million, or one-fourth of all U.S. exports of these items. Prospects for a continued market vary by commodity. Although increasing livestock numbers in the EEC will tend to reduce overall import requirements, the United States should be able to keep a large share of the market for its packinghouse items.

For variety meats, the increased tariff duties are not expected to be unusually restrictive. U.S. exports of variety meats to the EEC were valued at $16 million in 1961. In the years ahead, Italy—the member with the lowest meat consumption per capita—may increase its quotas. All members are gradually adjusting their tariffs to the CXT (Common External Tariff) of 20 percent ad valorem effective by 1970.

U.S. trade will probably continue at a high level for casings, mohair, and hides and skins. The EEC has declared these items duty free. The demand for tallow and greases remains strong because of increased industrial uses.

Prospects are poor for lard and fatback, for the EEC is almost self-sufficient in these commodities, and demand now favors vegetable oils. Import levies plus higher import duties in Germany and Netherlands will seriously curtail U.S. trade. The CXT has been set at 20 percent, compared with the average lard duty of less than 10 percent in 1959. In 1961, only 2.5 percent of all U.S. pork exports went to the EEC. The new import restrictions include an equalization fee based on feed-grain price differentials plus two ad valorem duties. One of these duties is calculated as a percentage of a so-called uniform gate price or minimum import price—starting at 2 percent and increasing to 7 by 1970.

Since the United States is a net importer of beef, the EEC policy will not greatly affect the U.S. beef trade. However, the increased tariffs may cause other beef exporters to look for new outlets with liberal import policies, such as the United States. Also, the world trade pattern in beef would be changed dramatically if the United Kingdom joins the EEC. The United Kingdom—world's largest meat importer—currently has low duties.

Poultry and Eggs

In fiscal 1961-62, over 62 percent of all U.S. poultry and egg exports went to the EEC countries. The net worth of these shipments was $67 million. West Germany has been the most important single market, taking about 85 percent of U.S. poultry exports to the EEC.

Poultry and eggs face the same import restrictions imposed upon pork products. The announced gate prices are about the same as current offer prices for U.S. whole broilers, but are higher for such items as poultry parts.

Contrary to the frequently stated intention of the Common Market to liberalize and expand trade, the poultry regulations will raise consumer prices, thus reducing demand and restricting imports. For example, the recently announced gate price and other import levies for broilers to West Germany will mean a 28-percent increase in the border price and possibly a 30-percent rise in retail prices.

If the equalization fee and the gate price are lowered, exports of U.S. poultry can be expected to continue growing. West Germany especially has a large potential for increased consumption of poultry products. In the last 2 years, German wage rates have advanced faster than the cost-of-living index, and rising pork and beef prices have made poultry a desirable substitute for red meats.

Cotton

The EEC is the world's greatest market for cotton, importing seven-eighths of its needs. U.S. cotton has an important stake in this market, supplying from 33 to 37 percent of the EEC's annual consumption. Since 1958, the EEC has taken 18 to 32 percent of U.S. exports.

On balance, prospects are unusually bright for increased cotton exports to the EEC. All cotton entries are duty free. Only Italy charges a small duty of 4.2 percent; this will be gradually reduced to zero. Besides, the U.S. Congress has directed the Secretary of Agriculture to make cotton available at competitive prices for comparable qualities shipped by other exporters.

The higher incomes per capita resulting from the economic merger can be expected to produce rapid growth in the demand for cotton textiles. A possible threat to U.S. cotton exports is the EEC's rising output of manmade fibers.

Tobacco

Western Europe has been a market for U.S. tobacco for over 350 years. About one-third of U.S. tobacco exports go to the EEC annually, or $96 million worth in 1961.

The net result of the tariff negotiations is that U.S. tobacco will face a considerably higher external duty than it did in 1958. Members of the EEC have duty-free access, also the Associated Overseas Territories.

The Common External Tariff, fully effective by 1970 as now proposed, will be 28 percent ad valorem, with a maximum duty of 17.2 cents per pound and a minimum of 13.2 on tobacco from third countries. The ad valorem feature applies to tobacco priced between 47 and 61 cents per pound.

The United States produces high-priced tobacco, therefore the high ad valorem duty will hurt U.S. producers more than foreign growers. The new duty allows intra-Community trade at duty savings of up to 17 cents per pound. However, the Common Market has indicated its willingness to "negotiate down" the U.S. tariff level.

Only small quantities of tobacco have been traded among EEC members in the past, with the exception of Italy's 26 million pounds exported last year. Greece is now experimenting with fine-cured and burley varieties for export, and this tobacco may soon compete directly with U.S. cigarette leaf shipments.

Oilseeds, Oils, and Meals

The EEC has been a key outlet for U.S. oilseeds and oilseed products, taking half of all U.S. cottonseed oil ex-

(Continued on page 23)

Our Marketing Attachés

—and how they sell our farm products in Europe

Above, U.S. canned and bottled foods pass taste test at "Sell America" show of l' Innovation, a large Belgian department-store chain. Show took place in Brussels, where a new marketing attaché was on hand to help.

At the Innovation show, all sorts of U.S. goods processed from agricultural products were displayed. Left, smiles make it plain that Brussels girls like U.S. cotton clothes.

Since 1961, Europe has been the proving ground for a new and direct way of reaching customers for U.S. farm products—through special marketing attachés, with offices in important trading cities. Here people who want to buy can find out what American exporters have for sale.

The first two of these offices were established in West Germany and in Britain. An assistant agricultural attaché for market development set up shop in Hamburg; another was stationed in London, at the U.S. Trade Center organized by the U.S. Departments of Agriculture and Commerce.

This work has had such an impact that marketing attachés have now been detailed to Brussels and Milan also.

What are the accomplishments of the two initial efforts and the possibilities for the newer ones? Some idea can be gained by noting what goes on in the London and Hamburg offices.

The London Trade Center

The Center focuses its efforts primarily on the people who import, sell, process, serve, test, or write about the products that individual British consumers buy. For the September 1961 Food Show there—Agriculture's first—invitations went out to importers, food wholesalers and retailers, caterers and restaurant men, home economists, food editors, and others interested in the food trade. Each of the 116 U.S. firms participating had not only a display but a small counter where its products could be prepared and sampled; many also had salesmen on hand.

The first of Agriculture's two major 1962 shows was the Feed Show, held March 20-April 10. Guests included grain importers, mixed-feed manufacturers and dealers, animal nutritionists, representatives of the big national farmers' unions, and Ministry of Agriculture officials. Experts from USDA and the U.S. feed industry joined specialists from U.S. land-grant colleges to share with the British their knowledge of the quality and proper use of U.S. feedstuffs.

The next major show, in October, featured U.S. institutional and caterers' food packs, to show big British food

buyers—schools, restaurants, and hotels—how kingsize U.S. packages can aid their purchasing.

In smaller display facilities on the second floor, the agricultural staff is aiming for a different exhibit each quarter. Last fall, the Cranberry Institute of America used this space to show British grocers how well cranberries and holiday poultry go together. Another display, put on in March by the European Office of the American Farm Bureau Trade Development Corporation, featured the food products of 11 firms in 7 States. Agriculture's space also includes a library and conference facilities where visiting U.S. trade groups with similar interests can work together.

The Hamburg Office

The marketing attaché in Hamburg has no "showcase" or demonstration facilities; but his office, set up in April 1961, paved the way for the big Hamburg Food Fair that November. The Fair, in turn, so effectively performed the showcase function that the Hamburg office has worked overtime ever since to handle the flood of queries about U.S. food products.

The Hamburg attaché describes his situation in these words: "The job is impossible; the opportunities are unlimited." His callers may include anyone in the German food trade—importers, brokers, agents for U.S. companies, warehousemen, restaurant men, food manufacturers, supermarket owners—as well as steamship companies interested in bulk supplies, statisticians in U.S. food trends, and government men in U.S. food laws.

The commodities he handles may include literally everything from soup to nuts. Canned and frozen soups might begin his day's inquiries; peanuts and mixed nuts might end them.

Each inquiry is carefully investigated, registered, and transmitted either to the U.S. firm's European office—if it has one—or to the Foreign Agricultural Service in Washington, which rushes it on to the appropriate firm, association, or trade group. The rest is up to the U.S. supplier. Sales will follow only if he responds promptly and fully and can meet the exact requirements of the German buyer on an "as and when needed" basis.

The London Trade Center, in an all-British endeavor sponsors shows like that held for grocers of Northern England in Manchester last May. Above, USDA's prairie schooner leaves Liverpool on a 10-city tour.

This fall, London welcomed Britain's Food Fair. Right, British shoppers try out a U.S. supermarket; below, the food trade, at one of the many buffet-type samplings.

Europe's East-West Farm Trade

Communist criticism of the Common Market reflects in part East Europe's dislike of new impediments to its agricultural trade with Western Europe.

By THEODORA MILLS
Regional Analysis Division
Economic Research Service

The years since 1955 have seen a small but steady rise in West Europe's purchases of East Europe's farm products. In 1960, the West European countries bought about $17 billion worth of agricultural commodities; about 4.3 percent came from the East European countries. In 1955, East Europe had supplied only 2.3 percent of the West's $14.6-billion total.

East-West farm trade is still below the level attained in the late 1930's, before East European agriculture was collectivized on the Soviet pattern. But it has represented a considerable addition to East Europe's foreign exchange earnings. Developments in the Common Market are likely to hamper this trade, and that may help explain Communist hostility to the Common Market.

A look at the volume of trade in the principal commodities involved will show the share of each that East Europe supplies to West Europe, as well as which countries are the principal buyers and sellers. Data used are West European import and export statistics for 1959 and 1960, latest years for which commodity details are available.

It should be remembered that the volume and direction of East European exports is determined primarily by government policy, which is not always guided by commercial considerations.

Most prominent of West Europe's agricultural imports from East Europe in 1959 and 1960 was grain, both for food and for feed. In 1959, total net imports of wheat amounted to some 7.9 million metric tons; East Europe supplied 12.9 percent. West Europe was in need of more millable wheat than usual that year; its own 1958 harvest, though large, had been of poor quality.

In East Europe, on the other hand, some fine crops had been harvested. Wheat output rose to a record level in the Soviet Union, by far the largest East European exporter.

In 1960, however, West Europe's total net wheat imports declined to about 7.7 million tons, of which East Europe furnished only 11.8 percent. The Western countries had had a record 1959 wheat crop of good quality; France, a large buyer of East European wheat the year before, now imported none. Principal buyers in 1960 were the United Kingdom and West Germany, which took much more than in 1959, and the Netherlands, which took much less. Again in 1960, West Europe's principal East European supplier was the Soviet Union, regardless of the previous year's drought in its breadbasket areas. Yugoslavia and Rumania supplied sizable amounts from record crops.

WESTERN EUROPE'S TOTAL AGRICULTURAL IMPORTS AND PERCENTAGE FROM EASTERN EUROPE, 1955-60[1]

Year	Total imports	Imports from Eastern Europe[2]	
		Amount	Percent of total
	Bil. dol.	*Mil. dol.*	*Percent*
1955	14.6	347.8	2.4
1956	15.7	454.3	2.9
1957	16.5	467.2	2.8
1958	15.2	527.0	3.5
1959	15.8	612.7	3.9
1960	17.0	732.0	4.3

[1] Excluding Spain and Finland, which are not included in the source.
[2] Includes the Soviet Union, the Soviet satellites, and Yugoslavia.
Compiled from data published by the OEEC.

In 1959, West Europe's import needs for feed grains were reduced by the increased availability of low-grade wheat from its 1958 crop. It bought a net total of 15.2 million tons of feed grains (rye included)—4.2 percent of it from East Europe, mostly the USSR and Yugoslavia.

In 1960, despite record feed-grain crops the year before, West Europe imported more than in 1959. Its net imports rose to 15.8 million tons, 7.9 percent from the East. Principal purchasers of East European feed grains in 1960, as in 1959, were West Germany, Austria, and Italy. Principal 1960 suppliers were Yugoslavia and Rumania for corn and the Soviet Union and Poland for barley.

Animals and their products bring in a large share of East Europe's export earnings from West Europe. Most valuable is meat. In 1959, the East supplied the West, on balance, with 128,000 tons of meat as such—12 percent of its net imports—largely Polish smoked and canned meat. In 1960, 174,000 tons were shipped, nearly half of it fresh and frozen meat from Poland, Hungary, and Yugoslavia.

West Europe is a net importer of live animals for slaughter—as well as of meat—and most of them come from East Europe, which supplied on balance 166,000 tons in 1959 and 200,000 in 1960. Buyers and sellers were much the same as for fresh and frozen meat.

East Europe furnished 72 percent of West Europe's 85,000-ton net egg imports in 1959, but only 63 percent of the 155,000-ton total for 1960. These shipments went mostly from Poland to West Germany and Italy. In 1959, the West turned East for 8 percent of its net butter imports of nearly 283,000 tons; in 1960, for only 6.2 percent of its 262,000-ton total. Poland was the major supplier and the United Kingdom the major recipient.

West Europe was a net importer of hides and skins—375,000 tons in 1959 and 351,000 in 1960—but a small net exporter to East Europe (19,000 and 18,000).

Other important earners of foreign exchange for the East have been cotton (mostly from the USSR to West Germany and Britain); flax (from the USSR and Yugoslavia, chiefly to Britain and Italy); dried and canned fruits and vegetables (with fresh fruits and nuts moving in from West to East); feedstuffs other than grains (nearly all from the Soviet Union, with Denmark top buyer); sugar (some 8-9 percent of the net total, mostly shipped from Poland and Czechoslovakia).

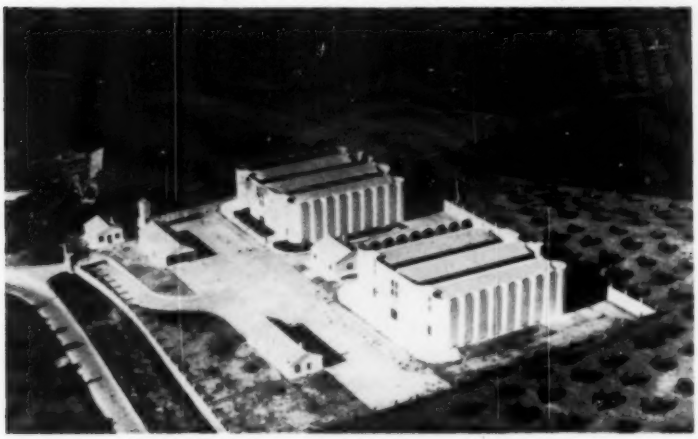
Spain—World's No. 1 Olive Grower

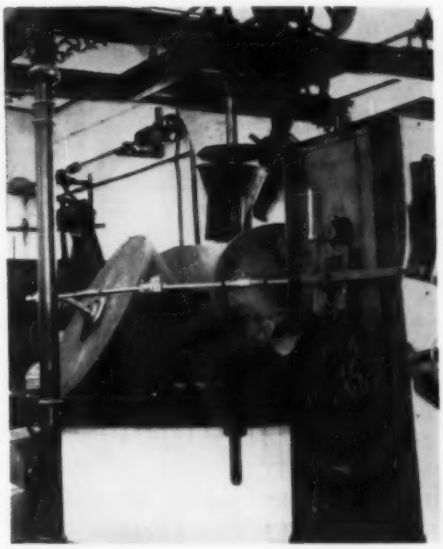
Olives grow in all the Mediterrean countries, but Spain still maintains the leadership that it has held for centuries. In certain areas, particularly the provinces of Jaen, Cordoba, and Seville, one may stand on a hill and see olive trees stretching for miles in all directions.

Spain's economic health depends to a considerable extent upon its olive harvest. Olives and olive oil are second to citrus in export value. Last year they brought in over $100 million—$80 million from olive oil, $24 million from table olives. All years, of course, are not that profitable; the nature of the tree causes fluctuating output.

Production is trending upward both for oil and olives. Yet despite this, Spain cannot satisfy its own oil needs, nor does it try to. It makes more money by selling its oil abroad and importing edible vegetable oils at about half the price of olive oil. Thus in the last year Spain has become the United States' major dollar customer for edible oils, taking 415 million pounds valued at $35 million.

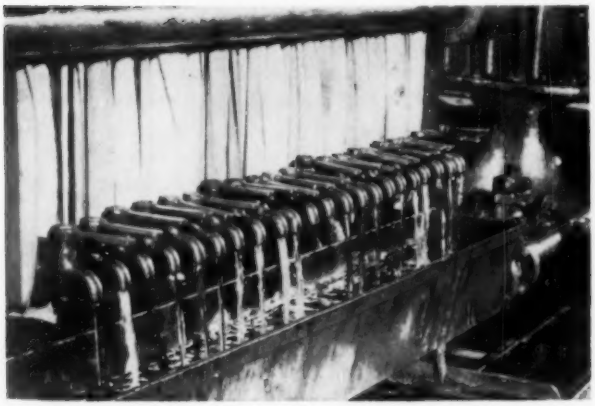
Below, olive oil storage facilities surrounded by olive groves, Province of Jaen. Right above, green olives for pickling are carefully hand-picked.

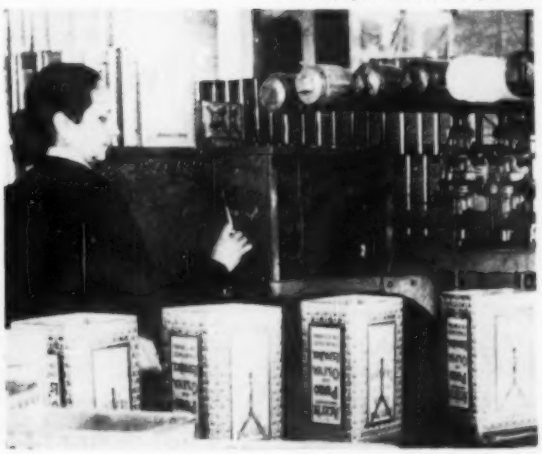




Above right, common type of mill for crushing olives. Below left, oil dripping from the press, and right, packaging the oil for export market.

Photos, Spanish Olive Oil Syndicate





Above left, cauliflower is sold at auction in the Netherlands; and right, wholesale market in Rome. In general, Dutch diets are far better than Italian.

Left, goose market in Gascony, and boy loading tomatoes, Provence. The French rank high as meat-and-vegetables eaters. (Photos, courtesy of French Ministry of Agriculture.)

European Diets Are Superior
—except in the Mediterranean countries

By P. E. O'DONNELL
Regional Analysis Division
Economic Research Service

Although West European countries report more completely and accurately on their food production, consumption, trade, and stocks than any other area of the world (except North America and perhaps Oceania), there remain gaps that caution against making hard and fast comparisons of how much and what the people in these countries eat. Even so, there are some dietary differences great enough to warrant attention and some dietary trends worth noting.

Most obvious is the fact that diets in all West European countries have improved over the last decade. Those countries where total calorie intake has been relatively low have shown improvement—substantial in some cases, moderate in others. Also, both the amount of animal protein in the diet and the proportion have increased in all countries where gains were desirable; and where no increases occurred the established level was already nutritionally satisfactory. Except for a couple of countries, energy requirements in the form of fats and oil appear to be above the recommended minimum allowance. Here, though, it should be remembered that physiologists are not in close agreement on optimum fat requirements in the diet.

On the basis of income one would expect the West European countries to enjoy superior diets in relation to the rest of the world. Measured in total calories, in total protein, proportion of diet supplied by animal proteins, or the intake of the so-called protective foods, West European diets on the average are superior. But an average can be as misleading here as elsewhere, for the amounts and types of food eaten vary substantially among the countries. This variation is closely related to purchasing power levels.

The Good Eaters

Standing at the top of the list in both total food energy and excellent dietary composition are the United Kingdom, Denmark, and Sweden. Even in these countries the people are eating better than they did 10 years ago. Besides, there has been a shift toward greater expenditure for convenience foods—canned and frozen fish and meat, canned and frozen fruits and vegetables, prepared soups, pastries, and puddings.

This shift is not moving as fast in some countries as in others. It is related directly to income levels and greater employment of married women—and inversely to the strength of traditional preferences for fresh foods.

The United Kingdom has an outstandingly good diet. The meals of the British people are high in animal

Portuguese fish vendor in Porto market arranges her day's wares. Portugal is one of Europe's inferior-diet countries.

Many shoppers prefer the traditional markets where they can argue over weights and prices. (Photos by H. K. Ferguson.)

products, low in cereals. Vegetable consumption could be upped with advantage, and that of sugar, which approaches the highest in the world, could be reduced.

Ireland reports a very high calorie intake, of which a large proportion comes from cereals and other starchy foods. Animal products are at a favorable level, and consumption of vegetables is average for Western Europe.

Continental Food Patterns

Among the Scandinavian countries, Denmark and Sweden enjoy both good dietary balance and more than adequate energy, or calorie, intake. Animal products account for a relatively big share of the calories, and carbohydrates, such as cereals, potatoes, and pulses, for only a moderate amount. In Sweden particularly, meat and eggs have increased in the last 10 years. Both countries have probably lower than optimum levels for fruits and vegetables, but both recently have begun using more frozen foods.

In Norway and Finland, the total calorie count is high, but animal and fish products do not figure as prominently in the diet as they do in Sweden and Denmark. Like their neighbors, the Norwegians and the Finns are not fruit-and-vegetable eaters, and they get only a moderate share of their calories from carbohydrates. In Norway, oil and fat consumption is unusually high, second to that of Denmark and on a par with the Netherlands'. These three countries have the highest fat intake in Western Europe, far above the recommended minimum allowances.

The countries in the heart of Europe—France, West Germany, the Netherlands, Belgium-Luxembourg, Austria, and Switzerland—can be grouped fairly close together in terms of calories and the shares supplied by animal products and carbohydrates.

France obtains more calories from meat products than any of these countries, and Switzerland and the Netherlands the fewest, though still well above minimum levels. Characteristic of the French diet too is the unusually high vegetable consumption. Switzerland is second but considerably below France. Belgium-Luxembourg and West Germany show the highest energy intake from carbohydrate foods and Switzerland the lowest.

Where Diets are Poor

In contrast to the countries of northern and central Europe are the Mediterranean countries where diets are definitely inferior and sometimes so low in calories as to be close to the minimum energy level. Of the four countries, Spain and Italy have shown a substantial rise in calorie intake, whereas the increases have been only moderate in Greece and Portugal.

These countries have the lowest per capita incomes in Western Europe, and their people spend the highest proportions of income for food—well over 40 percent compared to 25 to 35 percent for the more affluent countries. In all four countries, dependence on cereals, other carbohydrates, and pulses is heavy, and animal products, particularly milk and milk products, have only a small place in the diet. On the other hand, consumption of fruits and vegetables, some of them within the protective foods group, is relatively high in Spain, Greece, and Italy. Calories obtained from fats and oils appear to be above the minimum, except possibly in Italy and Portugal.

Though at the bottom of the food scale now, these countries can expect some improvement in the not too distant future. As economic growth continues in Western Europe, it is not unreasonable to expect that diets in the poorest countries not only will rise comfortably above minimum standards but will show greater variety.

In the wealthier countries, there will probably be a leveling-off of the calorie intake. Changes, however, can be anticipated in the composition of diets. As Europe's Common Market opens up agricultural trade among its members, such minor deficiencies as may exist in one country will be easily overcome by supplies from another. Furthermore, the swing to processed foods—frozen, packaged, and canned—will become more and more evident as time goes on. Europe's industries are booming, and this industrial prosperity is being reflected in Europe's way of life, including the choice of food that goes on the table.

Greece Foresees Bigger Cotton Exports Going to Common Market Countries

Greece as an associate member of the Common Market may one day become an important supplier of cotton to Western Europe. In 30 years, that country has progressed from a net importer of cotton to a net exporter, shipping an expected 65,000 tons from the 1961 crop.

Cotton is by no means a "new" commodity in Greece. Around the second century B.C., cotton production near Olympia in Western Peloponnesus was described as a flourishing activity. Yet Greece's cotton output remained insignificant, compared with the achievements of the Egyptians, who in the late 1800's had borrowed many ideas for cotton culture from the Greeks themselves.

In 1922, Greece could meet less than 15 percent of its cotton requirements. Refugees from Asia Minor in the early 1920's brought a wealth of talent in cotton husbandry, but a national policy and an effective agency relating to cotton were lacking to capitalize on the imported skills. Despite the introduction of improved seed varieties, poor field techniques plus careless mixing of seed resulted in low-quality cotton. Even the local textile industry was reluctant to buy it.

Then in 1931, the Greeks formulated a national cotton policy. The Hellenic Cotton Board and the Cotton Research Institute, under the Ministry of Agriculture, would control the development of cotton production.

The gains made in output have been achieved through such incentives as the provision of credit and seed on attractive terms and, since 1960, through acreage subsidies. The subsidy granted for irrigated cotton is about $4 higher than that for nonirrigated. Thus, more and more cotton acreage is being irrigated, with a resulting step-up in total yields per acre.

The quality and uniformity have also been improved. The Cotton Research Institute's primary goal was that of selecting superior varieties of seeds from the existing mixed ones. To achieve this, the technicians exercise "variety planting controls."

Under the controls, a farmer is only permitted to buy certified seed which has been approved for his growing area. Should he plant an unapproved variety, he is subject to court action. The penalties might make him ineligible for acreage subsidies, credit, and other facilities available to him and might include a fine. These apply to planting of any uncertified seeds, even though they may be of approved varieties. Administrators of this act expect that 80 to 85 percent of cotton growers will comply in 1962.

The success of the national cotton policy is well supported by production figures. In 1931, the year the present policy became effective, output of lint cotton was about 3,000 tons, domestic consumption, 13,000. The 1951 crop of 28,000 metric tons allowed for exports totaling more than 4,500 tons, and of the 1961 crop, estimated at about 97,000 tons, over 60 percent will be exported.

Future expansion of the crop depends on balancing output targets with the amount of land available for irrigation. In 1952, cotton acreage accounted for only 11 percent of the total irrigated area. Today, cotton occupies about 340,000 irrigated acres or 34 percent of all the land under irrigation in Greece. Assuming that a goal of 2 million acres of total irrigated land is reached by 1970, it is not unreasonable for cotton to have about 741,000 acres of this.

Cotton will undoubtedly face some competition for newly irrigated land from sugar beets, truck crops, and fruits, and from the anticipated expansion of forage legume acreages. However, cotton will probably show greater production increases than any of the competing crops.

The trend for Greek cotton exports is upward. Its quality is now generally acceptable in the world market, so that shipments of 600,000 bales from the current 300,000 should not be difficult to attain. And this estimate does not take into account any preferential treatment for Greek cotton by the Common Market.

British Agriculture in EEC

(Continued from page 9)

lieved that generally British farmers will not have greater adjustments than those of the other countries. The new challenge may even have the effect of stimulating the competitive spirit of the entire agricultural industry and of increasing production. Certainly, there is greater awareness now on the part of farmers and others connected with agriculture of the improvements that need to be made.

There still remains the question of Britain's traditional suppliers. The United Kingdom is the largest importer of agricultural products in the world, and its membership in the Common Market will affect Commonwealth and other supplying countries, including the United States. One of the most difficult subjects to be solved in the present negotiations with the Six, and the one which threatens the very success of those negotiations, is the question of future imports from these sources. The British negotiators feel that they must insist on safeguards to protect the close Commonwealth ties, especially with regard to imports of dairy products and lamb from New Zealand and of wheat and fruit from Australia. Canadian hard wheat is not expected to be greatly affected.

Ally in the EEC

If Britain joins the Common Market, the Commonwealth and the United States may lose some of their present market for agricultural products through encouragement of production within the Community. On the other hand, with Britain in the Community they will gain a strong ally in influencing the other members to adopt policies which will not result in high internal prices and inefficient production and which will not exclude imports from third countries.

In August issue, page 18, column 2, lines 3 and 4—for "comparatively high," read "comparatively higher."

In September issue, pages 12 and 13, captions for chart on economic progress should read (Top to bottom): industrial production, 1955=100; agricultural production, 1955-57=100; and wholesale price index, 1952=100.

EEC and Our Farm Exports

(Continued from page 15)

ported, one-third of the soybeans, and most of the flaxseed and linseed oil.

The proposed import regulations governing oilseeds and related commodities have not yet been considered by the EEC's Council of Ministers who will make the final decision.

The tentative plan if adopted would encourage U.S. exports of oilseeds and meals at the expense of most oils. EEC imports of oilseeds, fish oil, and oilseed meals are to be duty free by 1973. The Common External Tariffs for other commodities range from 5 to 15 percent.

The EEC's expected increase in animal-fats output will displace U.S. oils exports, but its growing mixed-feed industry should provide outlet for U.S. soybeans and oilseed meals.

Production of rapeseed and olives—the only oilseeds grown in quantity in the EEC—is not likely to rise much. Palm kernels and peanuts, the edible oilseeds that are imported, are less desirable than soybeans in feed rations.

Fruits and Vegetables

The United States ships over 20 major classes of fruits and vegetables, fresh and processed, to the Common Market. U.S. prunes, oranges and orange juice, and canned deciduous fruits account for more than half of all EEC imports of these commodities.

The new Common External Tariffs approximate existing tariffs, except for those on dried prunes and citrus, which are sharply above. Besides the CXT's, the import regulations call for minimum quality norms. If local markets are seriously threatened by low-priced imports, the EEC Council reserves the right to levy an additional fee or to suspend such imports.

Regardless of the level of the CXT's, member countries will enjoy tremendous new advantages as they reduce their internal tariffs down to zero by 1970. Italian fruits will probably pose a threat to U.S. exports.

The EEC market opportunities for U.S. fruits will improve if nontariff barriers can be removed. Many European countries now maintain seasonal embargoes on apples and pears. Better opening and closing dates would permit the United States to compete over a much longer period, and earlier openings would afford entry when U.S. products do not compete with Southern Hemisphere exports.

Rice

Four of the EEC countries—Belgium, Luxemburg, Netherlands, and West Germany—do not raise rice and import all their needs. About 38 percent of their purchases originated in the United States in 1961, compared with 13 percent in 1957. West Germany, the largest importer of rice among the four, gained nearly half of its supply from the United States last year.

Although shipments to the EEC comprised only 14 percent of total rice exports in 1961 on a weight basis, this trade is more important than the percentage share would indicate. The EEC provides a major outlet for U. S. grades of quality rice which formerly had been marketed in Cuba.

The Common Agricultural Policy for rice, now being formulated, should be declared by early spring 1963. Current proposals include variable levies adjusted for quality differences of the rice traded. If the final decisions restrict access to the EEC market, they could drastically affect U.S. commercial sales for dollars in 1962-63.

Dutch Students Stage Turkey Barbecue Using Genuine "Amerikaanse" Poultry

Above, member of the Institute of American Poultry Industries tends the ovens at barbecue given by students of Free University of Amsterdam. U.S. turkeys were bought from a local importer.

Right, warmly clad picnicker enjoys savory bird. Students took home leaflets telling how to organize their own U.S.-style barbecue.

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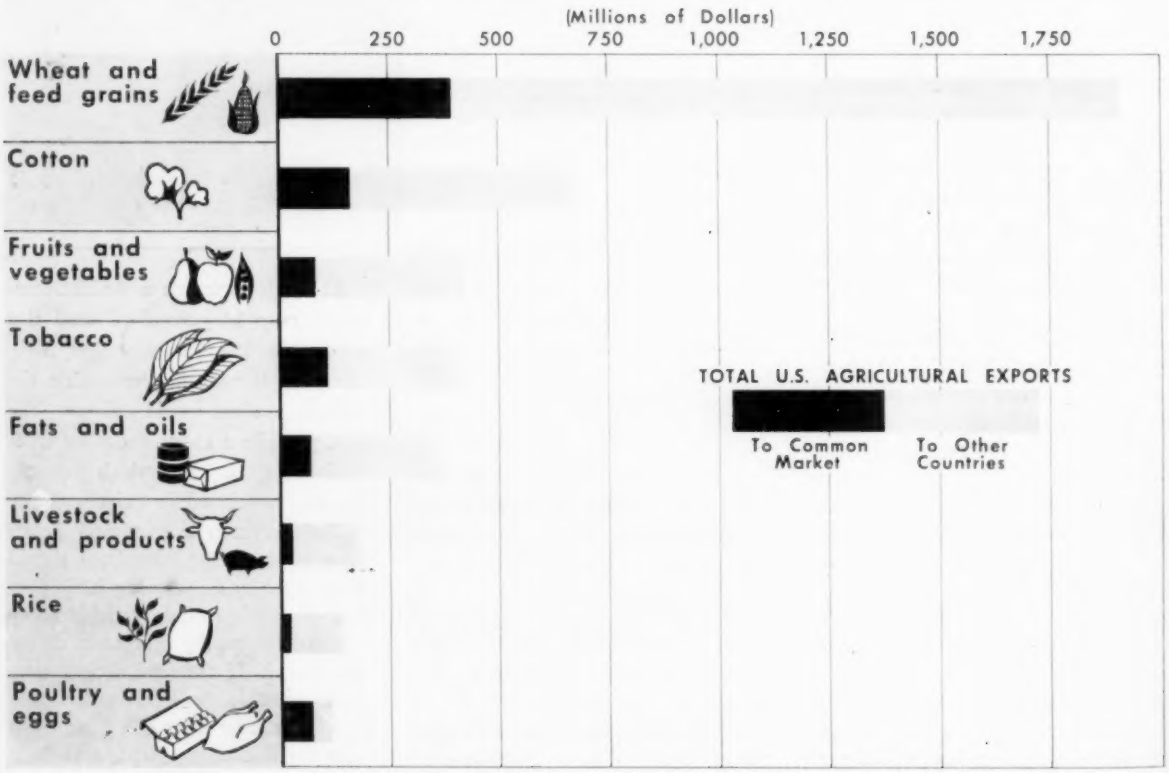
THE COMMON MARKET'S SHARE OF U.S. AGRICULTURAL EXPORTS (Fiscal year 1961)